
MACOMB COUNTY, MICHIGAN

Citizens Guide and Performance Dashboard

2012

This Citizens Guide and Performance Dashboard is intended to provide the general public with a brief but meaningful presentation on the finances of the County, with emphasis placed on the General Fund, long-term debt and legacy costs associated with pensions and retiree health care. The information presented herein represents budgeted amounts for 2012, as adopted by the Board of Commissioners in December 2011, as well as forecasted amounts for 2013. The complete 2012 budget is available on the County's web site at www.macombgov.org. Questions and comments regarding the Citizens Guide and Performance Dashboard may be directed to the Finance Department at 586-469-5250.

Overview of the County

Macomb County was incorporated in 1818 and includes an area of 482 square miles with the county seat located in the city of Mt. Clemens. The County operates under a Home Rule Charter that provides for both executive and legislative branches of government. The executive branch is directed by an elected County Executive, who serves as the Chief Administrative Officer of the County and directs the operations of all departments except the Sheriff, Prosecuting Attorney, Public Works, County Clerk/Register of Deeds, the Circuit and District Courts and the Board of Commissioners, which are all operated by separately elected officials. The legislative branch is directed by a 13 member elected Board of Commissioners. The County provides many services to residents, including law enforcement, administration of justice, community development and enrichment, parks and recreation and human services.

The Budget Process

The annual budget serves as the foundation for the County's financial planning and fiscal control for the upcoming year. The Appropriations Ordinance adopted by the Board of Commissioners represents the legal authorization for County agencies to procure goods and services. The County's budgetary practices and controls are governed by both County Charter and Public Act 2 of 1968, more commonly known as the Uniform Budgeting and Accounting Act. Each require that the budget be balanced, which means that budgeted appropriations cannot exceed the total of budgeted revenues and available fund balance reserves in any individual fund.

The County Charter requires the County Executive to submit a comprehensive balanced budget to the Board of Commissioners at least 90 days before the beginning of each fiscal year. Budget worksheets are distributed to department heads and elected officials approximately 180 days before the beginning of the fiscal year and returned to the Finance Department 4-6 weeks later. The information is compiled and a recommended budget is submitted to the Board of Commissioners no later than 90 days before the beginning of the upcoming budget year. The budget is further refined over the next 45-60 days, including formal discussions with the Finance Committee during that time. A public hearing is held approximately two weeks before the first day of the new budget year and the final budget is voted on by the Board of Commissioners that same day. Appropriations approved by the Board of Commissioners are considered maximum spending authority and not a mandate to spend the entire amount appropriated. As a result, this allows for further savings to be achieved throughout the year.

MACOMB COUNTY, MICHIGAN Citizens Guide and Performance Dashboard 2012

Budget Adjustments

Transfers between budget centers must be approved by the Board of Commissioners regardless of amount.

Transfers between line items within any budget center within any fund that exceed the lesser of \$30,000 or 2% of the total appropriations approved for the budget center in question must be approved by the Board of Commissioners. Multiple related expenditures shall be aggregated and are subject to the same parameters described above for any one budget year.

Internal service costs may be transferred between funds and budget centers regardless of amount without prior approval of the Board of Commissioners.

Budget and Forecast Assumptions

The County budget continues to be negatively impacted by decreases in property values and increases in fringe benefit costs, primarily health care for employees and retirees. After increasing 6% to 8% a year in the late 1990s and early 2000s, property values began to stagnate midway through the previous decade and have declined at alarming rates over the past few years, as indicated in the graph presented below. **Most recently, taxable values declined 10.2% in 2010 and 7.0% in 2011, with reductions of 5% and 2% anticipated for 2012 and 2013, respectively.** Each 1% change in property values equates to approximately \$1.0 million in property tax revenue to the General Fund. The Board of Commissioners raised the County operating millage rate from 4.2 mills to the maximum allowed limit of 4.5685 mills in 2009 to combat the effects of declining property values. Unfortunately, due to the continuous declines in taxable values, the positive impact of the tax increase on the budget has been eliminated.

Health care costs for retirees are expected to increase 8% each year and amount to approximately \$15.2 million. Health care costs for active employees were initially budgeted to increase 8% as well. However, legislation recently enacted by the State (PA 152) will reduce those costs significantly. Public Act 152 places annual ceilings on the amount of health care premiums paid by employers and requires employees to pay any premium amounts in excess of the established ceilings. The ceilings imposed on employer-paid premiums by PA 152 in 2012 are as follows: \$5,500 for single coverage, \$11,000 for two-person coverage and \$15,000 for family coverage. These amounts are adjusted annually for inflation. PA 152 is expected to reduce health care premiums paid by the County by approximately \$5.8 million in 2012, with an estimated \$2.6 million of those savings accruing to the General Fund.

Virtually all of the County's labor agreements expire December 31, 2013. **Those agreements contain provisions for up to six unpaid furlough days per year per employee and a reduction in the amount of longevity payments.** The gross value of these items is estimated at \$5.6 million, with anticipated savings of \$3.8 million accruing to the General Fund.

MACOMB COUNTY, MICHIGAN

Citizens Guide and Performance Dashboard

2012

Operations at a Glance

The County provides many valued services to its residents. These activities are accounted for in many different funds. The General Fund is the main operating fund of the County and is used to account for functions that are financed primarily by property taxes and other general revenue such as State Revenue Sharing, liquor tax and interest. Special Revenue and Enterprise funds are used to account for activities that are funded primarily by State and Federal grants and charges for services. Budgeted information for 2012 and forecasted information from 2013 for all budgeted funds is presented on the following two pages.

Macomb County, Michigan
Budgeted Revenues and Expenses - All Funds
Fiscal 2012

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Revenues:			
Property Taxes	\$ 108,534,942	\$ 1,172,815	\$ 109,707,757
Licenses & Permits	1,395,901	506,200	1,902,101
Intergovernmental	20,818,465	161,781,568	182,600,033
Charges for Services	24,924,235	201,656,635	226,580,870
Investment Income	400,000	251,194	651,194
Fines & Forfeitures	813,827	250,000	1,063,827
Reimbursements	7,605,757	1,189,588	8,795,345
Indirect Cost Allocation	8,291,730	-	8,291,730
Other Revenue	337,625	2,053,700	2,391,325
Transfers In	20,233,296	33,941,031	54,174,327
Total Revenues	<u>193,355,778</u>	<u>402,802,731</u>	<u>596,158,509</u>
Expenditures:			
Legislative	1,472,869	-	1,472,869
Judicial	30,912,845	13,069,041	43,981,886
General Government	37,712,135	12,785,550	50,497,685
Public Safety	63,498,209	4,783,345	68,281,554
Public Works	5,729,780	86,388,386	92,118,166
Health & Welfare	20,829,562	283,539,441	304,369,003
Recreation & Culture	-	322,507	322,507
Capital Outlay	483,669	3,477,001	3,960,670
Debt Service	-	8,167,778	8,167,778
Transfers Out	32,716,709	8,203,164	40,919,873
Total Expenditures	<u>193,355,778</u>	<u>420,736,213</u>	<u>614,091,991</u>
Net Decrease in Fund Balance	-	(17,933,482)	(17,933,482)
Fund Balances, Beginning of Year	<u>46,137,899</u>	<u>80,800,952</u>	<u>126,938,851</u>
Fund Balances, End of Year	<u>\$ 46,137,899</u>	<u>\$ 62,867,470</u>	<u>\$ 109,005,369</u>

MACOMB COUNTY, MICHIGAN

Citizens Guide and Performance Dashboard

2012

Macomb County, Michigan Forecasted Revenues and Expenses - All Funds Fiscal 2013

	General Fund	Other Funds	Total
Revenues:			
Property Taxes	\$ 106,364,243	\$ 1,149,358	\$ 107,513,601
Licenses & Permits	1,395,901	525,000	1,920,901
Intergovernmental	20,818,465	155,206,491	176,024,956
Charges for Services	25,165,877	209,313,034	234,478,911
Investment Income	400,000	313,816	713,816
Fines & Forfeitures	818,400	175,000	993,400
Reimbursements	7,644,276	1,189,685	8,833,961
Indirect Cost Allocation	8,293,378	-	8,293,378
Other Revenue	337,625	1,418,011	1,755,636
Transfers In	8,655,000	33,860,239	42,515,239
Total Revenues	179,893,165	403,150,634	583,043,799
Expenditures:			
Legislative	1,507,589	-	1,507,589
Judicial	31,814,001	13,474,575	45,288,576
General Government	38,262,186	11,428,900	49,691,086
Public Safety	64,413,032	3,792,299	68,205,331
Public Works	5,844,878	81,402,812	87,247,690
Health & Welfare	21,131,373	290,770,046	311,901,419
Recreation & Culture	-	322,507	322,507
Capital Outlay	483,669	3,199,889	3,683,558
Debt Service	-	7,977,240	7,977,240
Transfers Out	32,885,626	1,164,323	34,049,949
Total Expenditures	196,342,354	413,532,591	609,874,945
Net Decrease in Fund Balance	(16,449,189)	(10,381,957)	(26,831,146)
Fund Balances, Beginning of Year	46,137,899	62,867,470	109,005,369
Fund Balances, End of Year	\$ 29,688,710	\$ 52,485,513	\$ 82,174,223

MACOMB COUNTY, MICHIGAN

Citizens Guide and Performance Dashboard

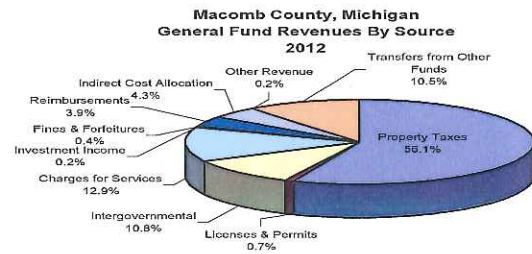
2012

The General Fund

The General Fund is the primary operating fund of the County. It is responsible for funding virtually all law enforcement and justice functions, including the courts, juvenile justice, Sheriff, Prosecuting Attorney and support services such as Finance and Human Resources. The General Fund is also responsible for funding the majority of the operations of the County's other elected officials, including the County Executive, Clerk/Register of Deeds, Treasurer, Board of Commissioners and the Public Works Commissioner. A summary of revenues by source and expenditures by category and function are presented below.

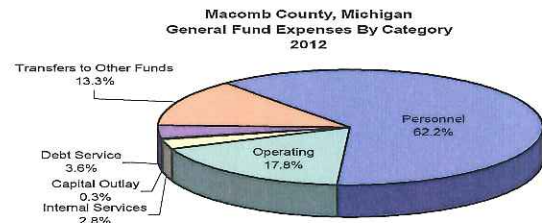
**Macomb County, Michigan
General Fund Budget Data**

	2012 Budget	2013 Forecast
Revenues by Source:		
Property Taxes	\$ 108,534,942	\$ 106,364,243
Licenses & Permits	1,395,901	1,395,901
Intergovernmental	20,818,465	20,818,465
Charges for Services	24,924,235	25,165,877
Investment Income	400,000	400,000
Fines & Forfeitures	813,827	818,400
Reimbursements	7,605,757	7,644,276
Indirect Cost Allocation	8,291,730	8,293,378
Other Revenue	337,625	337,625
Transfers from Other Funds	20,233,296	8,655,000
Total	\$ 193,355,778	\$ 179,893,165



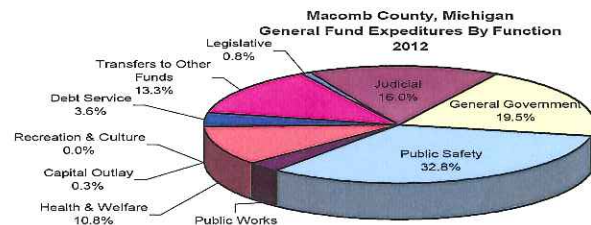
**Macomb County, Michigan
General Fund Budget Data**

	2012 Budget	2013 Forecast
Expenditures by Category:		
Personnel	\$ 120,295,874	\$ 122,878,511
Operating	34,399,537	34,630,151
Internal Services	5,459,989	5,464,397
Capital Outlay	483,669	483,669
Debt Service	6,947,378	6,937,240
Transfers to Other Funds	25,769,331	25,948,386
Total	\$ 193,355,778	\$ 196,342,354



**Macomb County, Michigan
General Fund Budget Data**

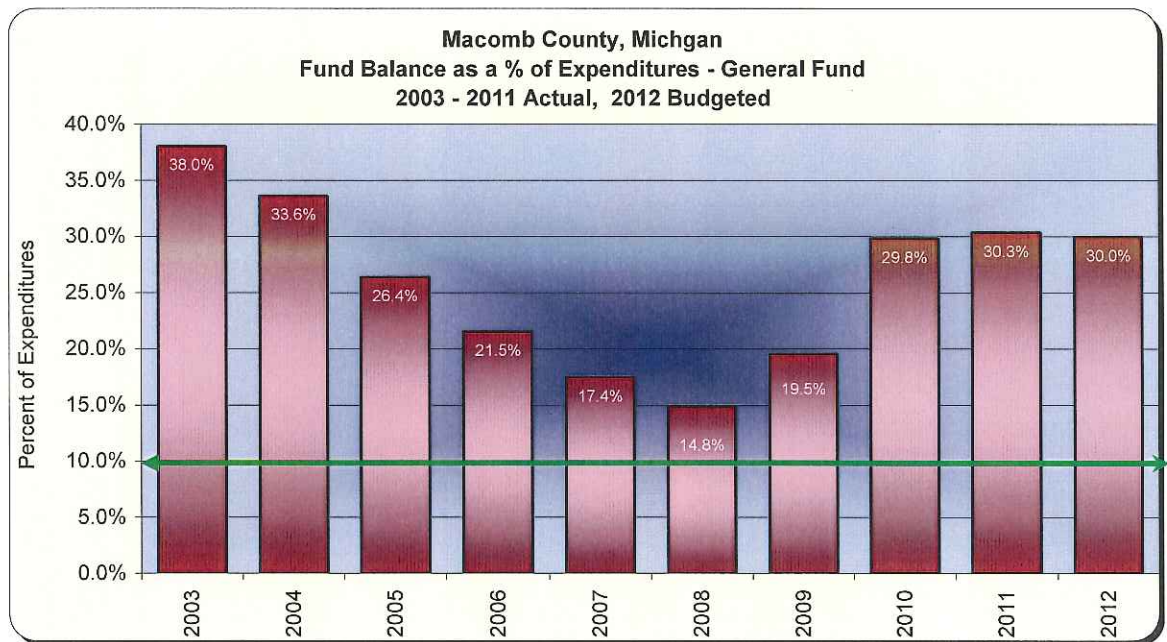
	2012 Budget	2013 Forecast
Expenditures by Function:		
Legislative	\$ 1,472,869	\$ 1,507,589
Judicial	30,912,845	31,814,001
General Government	37,712,135	38,262,186
Public Safety	63,498,209	64,413,032
Public Works	5,729,780	5,844,878
Health & Welfare	20,829,562	21,131,373
Recreation & Culture	-	-
Capital Outlay	483,669	483,669
Debt Service	6,947,378	6,937,240
Transfers to Other Funds	25,769,331	25,948,386
Total	\$ 193,355,778	\$ 196,342,354



MACOMB COUNTY, MICHIGAN Citizens Guide and Performance Dashboard 2012

The General Fund (concluded)

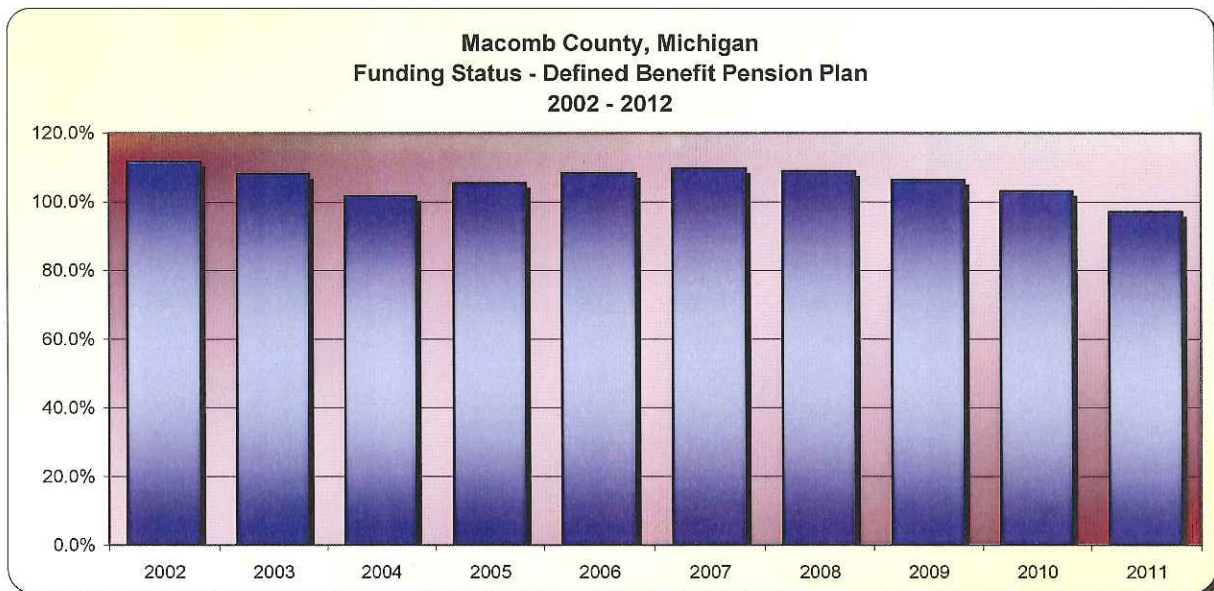
Fund Balance - Preservation of fund balance is critical for the future. The County has prided itself on maintaining a healthy level of fund balance in its various operating funds. Industry guidelines recommend a fund balance of approximately 10% - 15% of annual expenditures in any given fund. The audited General Fund fund balance of \$55.8 million as of December 31, 2011 represented 30.3% of 2011 expenditures. The ratio is expected to decrease slightly to approximately 30.0% by the end of fiscal 2012. A graphical representation of the level of fund balance as a percentage of expenditures for the last 10 years is presented below.



MACOMB COUNTY, MICHIGAN Citizens Guide and Performance Dashboard 2012

Unfunded Liabilities

Defined Benefit Pension Plan - The County sponsors and administers the Macomb County Employees' Retirement System (the "System"), a single employer defined benefit plan covering substantially all of the County's employees. The System was established in accordance with state statutes to provide retirement benefits for the employees of the County and its several offices, boards and departments, including the County Road Commission. As of December 31, 2011, the date of the most recent actuarial valuation, the plan was 97% funded. The actuarial accrued liability was \$854,323,946 and the actuarial value of plan assets was \$828,692,442, resulting in an unfunded liability of \$25,631,504. The funding status for the last 10 years is presented below.

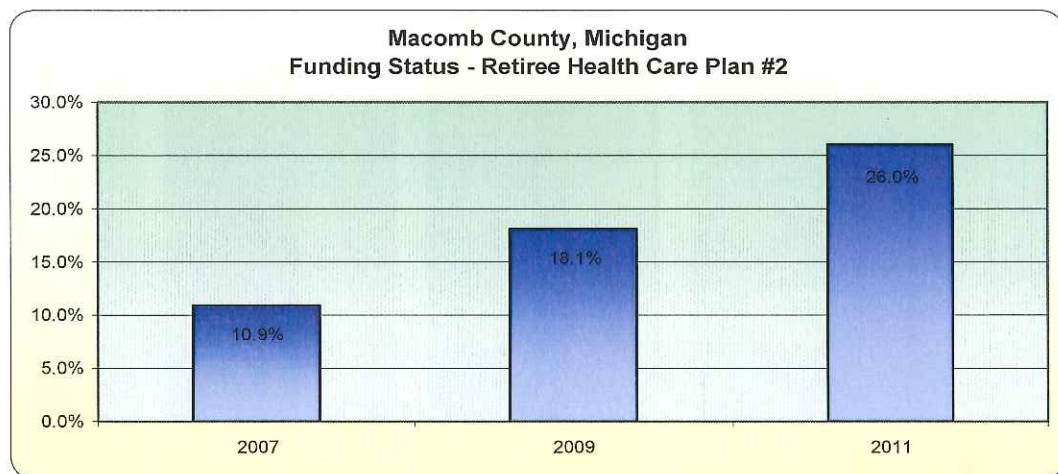
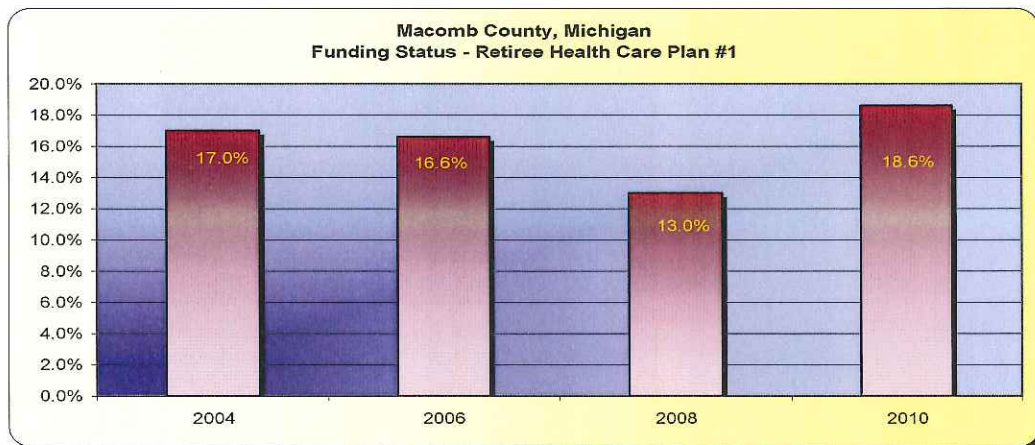


MACOMB COUNTY, MICHIGAN

Citizens Guide and Performance Dashboard

2012

Retiree Health Care - The County sponsors two postretirement healthcare plans for retirees and their spouses, a single employer plan for all retirees except those who retired from the Department of Roads (Plan #1), and a multiple employer plan administered by the Michigan Employers' Retirement System (MERS) for those who retired from the Department of Roads (Plan #2). Hospitalization insurance is provided through insurance companies, whose premiums are based on the benefits paid during the year. As of December 31, 2010, the date of the most recent actuarial valuation, plan #1 was 18.6% funded. The actuarial accrued liability for benefits was \$610,599,385 and the actuarial value of assets in the plan was \$113,732,259, resulting in an unfunded actuarial accrued liability of \$496,867,126. As of December 31, 2011, the date of the most recent actuarial valuation, plan #2 was 26.0% funded. The actuarial accrued liability for benefits was \$90,532,651 and the actuarial value of assets in the plan was \$23,547,047, resulting in an unfunded actuarial accrued liability of \$66,985,604.



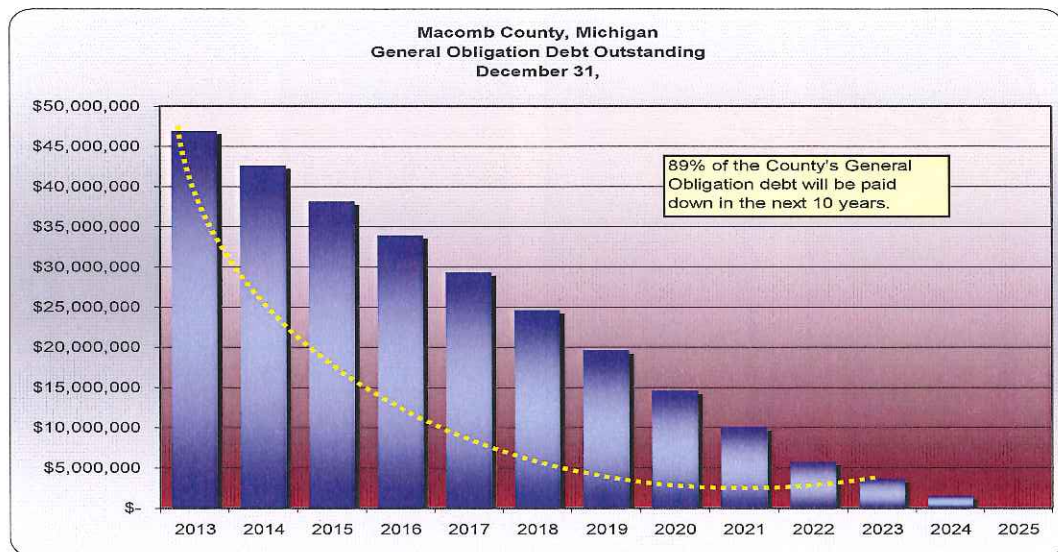
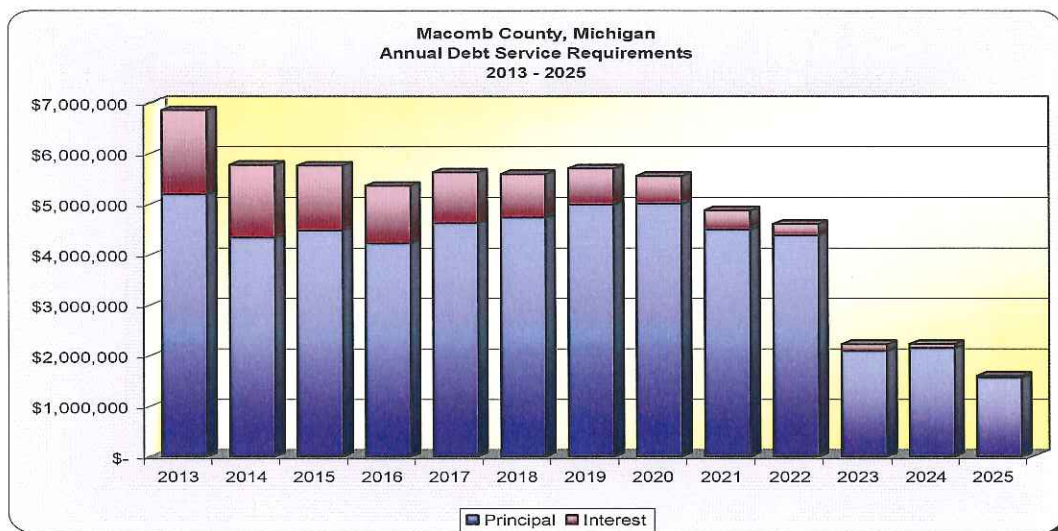
MACOMB COUNTY, MICHIGAN

Citizens Guide and Performance Dashboard

2012

Long-Term Debt

The County's general obligation bonds are rated **AAA** by Standard & Poor's, a status enjoyed by only three counties in Michigan and sixty-seven nationwide. The County's outstanding general obligation debt supported by the General Fund was \$57,940,000, or \$68.81 per capita, as of December 31, 2011. All of the County's General Obligation Debt will be retired as of December 31, 2025. Annual debt service requirements and outstanding balances for the years 2013 – 2025 are presented below.



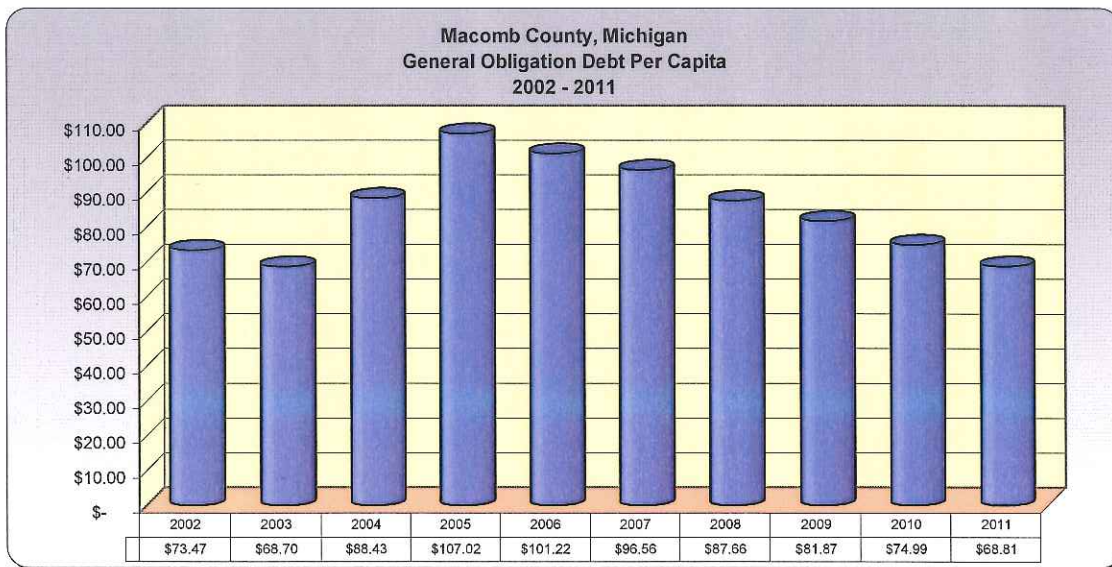
MACOMB COUNTY, MICHIGAN

Citizens Guide and Performance Dashboard

2012

Long-Term Debt (continued)

As mentioned previously, the County's General Obligation Debt Per Capita is one of the lowest in the region and has decreased each year for the last six years. A graphical representation for the last 10 years is presented below.



Annual principal and interest payments by issue are presented on the following pages.

Year	Series 2012-A Refunding		Series 2002-A Admin Refunding		Series 2002 MTB/Youth Home	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 25,000	\$ 327,628	\$ 835,000	\$ 85,326	\$ 1,550,000	\$ 104,031
2014	25,000	301,925	875,000	53,244	1,625,000	35,547
2015	25,000	301,425	910,000	18,200	-	-
2016	1,035,000	300,925	-	-	-	-
2017	1,320,000	280,225	-	-	-	-
2018	1,360,000	253,825	-	-	-	-
2019	1,395,000	226,625	-	-	-	-
2020	1,410,000	198,725	-	-	-	-
2021	1,455,000	170,526	-	-	-	-
2022	1,495,000	141,425	-	-	-	-
2023	1,510,000	109,656	-	-	-	-
2024	1,555,000	75,681	-	-	-	-
2025	1,550,000	38,750	-	-	-	-
	<u>\$ 14,160,000</u>	<u>\$ 2,727,341</u>	<u>\$ 2,620,000</u>	<u>\$ 156,770</u>	<u>\$ 3,175,000</u>	<u>\$ 139,578</u>

MACOMB COUNTY, MICHIGAN
Citizens Guide and Performance Dashboard
2012

Long-Term Debt (continued)

Year	Series 2005 Clemens Refunding		Building Authority Series 2007 MTB/YTH Refunding		Series 2012 PWK/Wertz Refunding	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 250,000	\$ 82,023	\$ 70,000	\$ 659,567	\$ 480,000	\$ 135,300
2014	245,000	72,436	70,000	657,082	495,000	125,550
2015	265,000	62,235	1,770,000	623,962	490,000	115,700
2016	260,000	51,670	1,840,000	558,752	530,000	105,500
2017	285,000	40,562	1,930,000	489,214	525,000	94,950
2018	280,000	28,909	2,020,000	412,626	515,000	84,550
2019	300,000	16,799	2,080,000	330,626	560,000	73,800
2020	210,000	5,249	2,195,000	244,029	535,000	62,850
2021	-	-	2,305,000	151,491	575,000	50,313
2022	-	-	2,310,000	51,975	565,000	36,063
2023	-	-	-	-	575,000	21,812
2024	-	-	-	-	585,000	7,312
2025	-	-	-	-	-	-
	<u>\$ 2,095,000</u>	<u>\$ 359,883</u>	<u>\$ 16,590,000</u>	<u>\$ 4,179,324</u>	<u>\$ 6,430,000</u>	<u>\$ 913,700</u>

Year	Series 2002B Refunding		Series 2004-A MI Trans Bonds		Series 2010 MDOT Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 1,000,000	\$ 40,000	\$ 500,000	\$ 177,550	\$ 46,111	\$ 8,996
2014	-	-	500,000	159,050	47,033	8,074
2015	-	-	500,000	139,675	47,974	7,133
2016	-	-	500,000	119,675	48,933	6,174
2017	-	-	500,000	99,175	49,912	5,195
2018	-	-	500,000	78,175	50,910	4,197
2019	-	-	600,000	56,925	51,928	3,178
2020	-	-	600,000	31,125	52,967	2,140
2021	-	-	105,000	4,725	54,025	1,079
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
	<u>\$ 1,000,000</u>	<u>\$ 40,000</u>	<u>\$ 4,305,000</u>	<u>\$ 866,075</u>	<u>\$ 449,793</u>	<u>\$ 46,166</u>

MACOMB COUNTY, MICHIGAN
Citizens Guide and Performance Dashboard
2012

Long-Term Debt (concluded)

Year	Series 2008 Refunding (2000-A)		Totals	
	Principal	Interest	Principal	Interest
2013	\$ 430,000	\$ 46,725	\$ 5,186,111	\$ 1,667,146
2014	445,000	31,675	\$ 4,327,033	\$ 1,444,583
2015	460,000	16,100	\$ 4,467,974	\$ 1,284,430
2016			\$ 4,213,933	\$ 1,142,696
2017			\$ 4,609,912	\$ 1,009,321
2018			\$ 4,725,910	\$ 862,282
2019			\$ 4,986,928	\$ 707,953
2020			\$ 5,002,967	\$ 544,118
2021			\$ 4,494,025	\$ 378,134
2022	-	-	\$ 4,370,000	\$ 229,463
2023	-	-	\$ 2,085,000	\$ 131,468
2024	-	-	\$ 2,140,000	\$ 82,993
2025	-	-	\$ 1,550,000	\$ 38,750
	<u>\$ 1,335,000</u>	<u>\$ 94,500</u>	<u>\$ 52,159,793</u>	<u>\$ 9,523,337</u>

MACOMB COUNTY, MICHIGAN

Citizens Guide and Performance Dashboard

2012

Performance Dashboard

Fiscal Stability	2010	2011	Progress
General Fund Expenditures Per Capita**	\$ 220.58	\$ 226.76	↑
Fund Balance as % of Expenditures (General Fund)	29.8%	30.3%	↑
General Obligation Debt Per Capita	\$ 74.99	\$ 68.81	↑
Funding Level - Pension Plan	103.1%	97.0%	↓
Funding Level - Retiree Health Care Plan	13.0%	18.6%	↑
Bond Rating	AAA	AAA	↔
% Change in Property Values	-10.1%	-7.0%	↑

** - Increase in expenditures per capita due to implementation of GASB #54 which required the consolidation of the Health Department, Senior Citizens and Library Special Revenue Funds into the General Fund for financial reporting purposes in 2011. Per capita expenditures in 2011 without the aforementioned consolidations was \$217.04.

Public Safety	2010	2011	Progress
Crimes against persons per thousand residents	14	13	↑
Crimes against property per thousand residents	36	35	↑
Crimes against society per thousand residents	16	13	↑
Other crimes per thousand residents	7	5	↑
Traffic crashes non-injury	16,853	17,503	↓
Traffic crashes injuries or fatalities	4,747	4,907	↓

Economic Strength	2010	2011	Progress
Unemployment Rate	13.7%	11.6%	↑
Residential Building Permits	933	1,132	↑
Per Capita Personal Income	26,524	24,446	↓
Number of Homes Sold By Private Sale	3,670	3,759	↑